

## ग्रसाधारण

#### EXTRAORDINARY

भाग II---खण्ड 2

PART II-Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पूष्ठ संख्या दी जाती है जिल्ले कि यह ग्रलग संकलन कें रूप में रक्षा जा सके। Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 18th Apirl, 1975:—

BILL No. 30 of 1975

A Bill furthe to amend the State Financial Corporations Act, 1951.

Brit enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows: --

1. This Act may be called the State Financial Corporations (Amendment) Act, 1975.

Short title.

- 2. In section 15 of the State Financial Corporations Act, 1951 (hereinafter referred to as the principal Act), after sub-section (2), the following sub-sections shall be inserted, namely:—
- Amendment of section 15.
- "(3) The State Government may, if it deems fit, appoint a wholetime paid Chairman.
- (4) The whole-time Chairman shall hold office for four years or until his successor is appointed and shall be eligible for re-appointment.
- (5) The whole-time Chairman shall receive such salary and allowances, accommodation, travelling allowance and daily allowance, etc., the State Government may determine in consultation with the Reserve Bank of India.

- (6) The whole-time Chairman shall exercise overall control on the working of the State Financial Corporation including overall control on matters relating to recruitment, promotion, transfer, leave, etc., of staff, and he shall also inspect the industrial units which have been granted accommodation by the Financial Corporation under section 25.
- (7) If the Chairman is of opinion that circumstances exist which render it necessary for him to take immediate action in respect of any matter which is within the competence of the Board and that the interest of the Financial Corporation may be prejudicially affected if such action is deferred until after the next meeting of the Board, he may, notwithstanding anything contained in this Act, take such action in respect of that matter as he deems necessary and for that purpose he may exercise all powers and do all acts and things which may be exercised by the Board:

Provided that in every such case he shall, as soon as may be after the action is taken, make a written report to the Board containing the statement of the action taken and the circumstances under which it was taken.

(8) The whole-time Chairman shall preside over all the meetings of the Board including meetings of share-holders, Annual General meetings, Executive Committee meetings and the meetings of all other Sub-Committees, Advisory Committees, Scrutiny Committees, etc.:

Provided that the Chairman may delegate powers to the Managing Director, Secretary or Directors to preside over the meetings of the Committees if he thinks proper.

Amendment of section 25. 3. In section 25 of the principal Act, in clause (g) of sub-section (1), the following further proviso shall be inserted at the end, namely:—

"Provided further that if the Board feels that an entrepreneur proposing to start an industrial concern is economically backward, the Board may waive seed money and grant hundred per cent: loan required for starting the industrial concern."

The State Financial Corporations Act was framed in 1951. Now it is completely out of date and cannot cope with the present situation. The industrialists, the educated unemployed persons are coming forward to start industries, especially when Government's aim is to remove inequality between haves and have nots. To achieve the desired goal, the seed money now the Financial Corporation is demanding before granting loans is not in accordance with the Government policy to establish a socialistic society in the country. Demand for thirty per cent. seed money is making the poor poorer and the rich richer. This old time, out-dated thinking should go.

The Managing Director alone cannot find time to give justice to the entrepreneurs and his day-to-day administration and office work. Besides this, he has to attend to various industrial concerns which are granted loans or advances by the State Financial Corporation. It would, therefore, go a long way to make the working of State Financial Corporations more effective if a whole-time Chairman is appointed by the State Government, if it deems fit.

Hence this Bill.

New Delhi; The 4th March, 1975, ARJUN SETHI.

# BILL No. 26 of 1975

A Bill to provide for the creation of trust corporations and for matters connected therewith.

BE it enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Indian Trusteeship Act, 1975.

- (2) It shall extend to the whole of India.
- (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.
  - 2. In this Act, unless the context otherwise requires,—
    - (a) "business" means and includes industries, plantations, banks, trade, transport or any other activity carried on for profit;
    - (b) "company" means any public or private limited company registered under the companies Act, 1956, and having a subscribed capital of more than a million rupees;
    - (c) "Panchayat" means the organ of management of a trust corporation constituted in the manner provided in this Act;

Short title, extent and commencement.

Definitions.

- (d) "trust corporation" means any company the owners whereof have declared themselves to be its trustees in the manner prescribed in this Act.
- 3. The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any law for the time being in force.
- Provisions to have effect notwithstanding any law in force. Formation of
- Formation of a trust corporation.
- Registrar to be informed.
- Management during interim period. Panchayat of trustee.
- 4. A company may, by a resolution passed by a majority of share-holders present and voting at its general meeting, declare itself to be a trust corporation.
- 5. Immediately after the passing of the resolution referred to in section 4, the managing agent or the manager or the secretary of the company shall notify the same to the Registrar of Joint Stock Companies in whose jurisdiction the head office of the company is situated.
- 6. The Registrar, on receiving such notice, shall direct the managing agent, the manager or the secretary, as the case may be, to carry on the day to day business of the company as an interim managing trustee.
- 7. The Registrar shall, as soon as possible, arrange to take stock of the assets and liabilities of the company and shall constitute a Panchayat of trustees consisting of not more than sixteen members, in the following manner, to supervise, control and direct the managing trustee:—
  - (a) not more than five trustees to be nominated by the shareholders of the company at its general meeting;
  - (b) not more than five trustees to be elected by the trade union of the employees of the company, of whom at least one shall be from the managerial staff, one from the jobbers and the rest from any section of the employees;
  - (c) five trustees, to be nominated by the Registrar of Joint Stock Companies, as experts, one each from the Planning Commission, Ministry/Department responsible for industrial development, internal trade and company law administration, and the Department of Labour of the State Government concerned and a nominee of the Municipal Committee or Corporation of the locality in which the head office of the company is situated;
  - (d) the interim managing trustee shall be an ex-officio member of the Panchayat.
- 8. Every worker who has been in the employment of the company for not less than six months shall have the right to vote in the election of the trustees.
- 9. No representative of workers shall be included in the Panchayat unless he belongs to a united trade union which makes an active demand for responsible participation in the management of the trust corporation.

Right of workers to vote

Qualification of credited to be elected as trustes. Functions of the Panchayat. 10. The Panchayat shall decide all major questions relating to the management of the business of the trust corporation and, in particular, frame rules for the efficient management of the corporation, approve its annual production plans and annual accounts, construction and development programme purchases, sales, loans, credits, wages, salaries, bonus to employees and interest, if any, to shareholders.

Profits to be credited to the Government. 11. The net profits of the trust corporation, after due provision being made for depreciation and provident funds, shall be credited to the income-tax folio of the Ministry of Finance, Government of India, for being allocated to the different states according to the recommendations of the Finance Commission.

Wages of employees, 12. The employees of the trust corporation shall not demand any rise in wages which is not commensurate with the earnings of an average villager or the uniform scales of wages determined by the Ministry of Labour, Employment and Rehabilitation of the Government of India.

Payment of bonus.

13. The Panchayat may sanction payment of general bonus or individual merit bonus for surpassing the annual production targets fixed for the corporation.

Works
Commitatees

14. Works Committee of employees shall be formed in every department of the trust corporation and they shall be entrusted with the job of explaining the decisions of the Panchayat to the employees, maintenance of the discipline and execution of welfare schemes of the trust corporation.

Managing trustee, 15. The Managing agent, the manager or the secretary of the company which has declared itself to be a trust corporation shall become the ex-officio managing trustee of the corporation.

Managing
trustee
to be
nominated in
certain
cases.

16. If the managing agents are a company or a firm may nominate the first managing trustee of the trust corporation.

cases.
Term of office of managing trustee.
Removal

17. The first managing trustee shall continue in office for five years or till he attains the age of sixty years, whichever is longer.

Removal of Managing trustee.

18. The Managing trustee shall be liable to be removed from office by the Panchayat for a criminal breach of trust.

Remuneration of Managing trustee.

- 19. (1) The remuneration of the first managing trustee shall be fixed by a contract between him and the Panchayat.
- (2) In case of dispute regarding the remuneration of the first managing trustee, the Registrar of Joint Stock Companies shall fix the same after taking into consideration the standard of life to which the first managing trustee is accustomed.

Successor of managing trustee. 20. The first managing trustee may recommend a successor to his office but the final appointment shall be made by the Panchayat.

- 21. The salaries of subsequent managing trustees and other super- Salavisory or technical staff shall be fixed by the Panchayat.
- 22. The Panchayat shall elect a Chairman from among its members who shall summon its meetings from time to time and shall preside over the same.

Chairman of the Panchayat of trustees.

23. The Panchayat shall supervise the work of the managing trustee, examine his reports and give him instructions in regard to the day to day administration as also the policies and programme of the corporation.

Panchayat to act through the managing trustee.

24. All employees of the trust corporation shall be subject to the authority of the managing trustee in performing their duties.

Control over employees.

25. The managing trustee shall be empowered to impose disciplinary penalties on defaulting employees.

Powers of the managing trustee.

26. The accounts of the trust corporation shall be audited by the Comptroller and Auditor-General of India.

Audit.

27. Statements of income and expenditure, balance sheets and statements of assets and liabilities shall be placed before a Joint annual general meeting of all employees of the trust corporation and all shareholders of the company.

Scrutiny of accounts.

28. The Registrar of Joint Stock Companies, on being satisfied on the basis of auditor's report that the affairs of a trust corporation are being conducted in a manner harmful to the interests of the community, may recommend to the Central Government to take over the assets of the corporation and dispose them of in any manner it deems fit.

Government to
acquire
trust
corporations
in certain

29. The coordination of the industrial or commercial activities of the trust corporation with the national plans for economic development shall be the responsibility of the representative of the Planning Commission on the Panchayat, whose decisions in this regard shall be final.

Co-ordination with national plans.

cases.

30. Any industry or undertaking whose management has been taken over by the Government under the Industries (Development and Regulation) Act, 1951, and entrusted to the Registrar of Joint Stock Companies, may be treated as a trust corporation for the purposes of this Act.

Acquired under-takings.

31. New trust corporations may be floated ab initio by an individual entrepreneur investing fifty per cent of the subscribed capital, provided that the Central or the State Government concerned agrees to contribute the other half, so, however, that the total equity capital does not exceed twenty lakh rupees.

New trust corpora tions.

65 of 1951,

Application of rules.

Managing trustee of a new corpora-

Power to make rules

tion.

- 32. A trust corporation formed under section 31 shall be subject to the same rules as are applicable to any other trust corporation formed under this Act.
- 33. The terms agreed to between the managing trustee of a corporation formed under section 31 and the Government in respect of remuneration shall be valid during the active lifetime of the original managing trustee.
- 34. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act:

Provided that the rules made hereunder shall not make any discrimination between companies owned or managed by Indian and foreign nationals.

(2) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

The Upanishads have stressed that an individual should consider nimself a trustee of whatever assets he possesses.

During the freedom struggle, almost all our national leaders had said that when India became free, all the Capitalists would be given an opportunity of becoming statutory trustees. The Bill seeks to provide such an opportunity to the owners of large companies and proposed necessary provisions for the democratic management with the principles of trusteeship. The provisions of the Bill are intended to usher in peacefully an era of egalitarianism.

Obviously, egalitarian society is built up not soley on monetary incentives but on ideas of service to society. It is necessary, therefore, that the worker should be made to feel that he is helping to build new social order based on Bharatiya values of life. The provisions of this Bill are expected to promote increased productivity by giving the workers a sense of full and intelligent participation in the processes of production, purchase, sales and investments of the enterprise. This Bill is not a compulsory but a permissive measure enabling the present owners of large companies to transform their existing titles based on absolute rights into trust ownership.

New Delhi; The 24th October, 1974. ATAL BIHARI VAJPAYEE

# PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 12|40|74-CL. V, dated the 5th March, 1975 from Shri Bedabrata Barua, Deputy Minister in the Ministry of Law, Justice and Company Affairs to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the Indian Trusteeship Bill by Shri Atal Bihari Vajpayee, Member Lok Sabha, recommends under clause (1) of article 117 and clause (1) of article 274 of the Constitution the introduction of the Bill and under clause (3) of article 117 of the Constitution the consideration of the said Bill by the Lok Sabha.

# FINANCIAL MEMORANDUM

Clause 31 of the Bill enables public or co-operative institutions to participate in the floating of new trust corporations. The Central or State Governments may, if they choose, invest their funds in such new trust corporations. This would involve recurring expenditure from out of the Consolidated Fund of India which may amount to about rupees twenty lakks per year.

No non-recurring expenditure is likely to be involved.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 34 of the Bill confers on the Central Government power to make rules to carry out the purposes of the Bill when enacted. Generally, these rules will relate to matters of detail and procedure. The delegation of legislative power is, therefore, of a normal character.

#### BILL No. 8 of 1975

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows:—

Short title,

1. This Act may be called the Constitution (Amendment) Act, 1975.

Amendment of article 284.

- 2. In the Constitution,—
  - (a) article 284 shall be renumbered as clause (1) thereof;
  - (b) in clause (1) as so renumbered,—
  - (i) in sub-clause (b), the word "or" shall be inserted at the end;
  - (ii) after sub-clause (b), the following sub-clause shall be inserted, namely:—
    - "(c) the Prime Minister and Chief Ministers for the purpose of relief or any other public purpose,";

- (e) after clause (1) as so renumbered, the following clauses shall be inserted, namely:—
  - "(2) The accounts relating to the Prime Minister's and Chief Ministers' Relief Funds shall be audited by the Comptroller and Auditor-General of India.
  - (3) The reports of the Comptroller and Auditor-General of India relating to the accounts of the Prime Minister's Relief Fund shall be submitted to the President, who shall cause them to be leid before each House of Parliament.
  - (4) The reports of the Comptroller and Auditor-General of India relating to the accounts of the Relief Fund of the Chief Minister of a State shall be submitted to the Governor or Rajpramukh of the State, who shall cause them to be laid before the Legislature of the State.".

Ever since the foundation of our Republic, the Prime Minister and Chief Ministers of States have been operating large relief funds. A mystery surrounds the operation of these funds. Neither the public nor the legislatures are ever taken into confidence in regard to the working of these funds. We do not know how much amount has been received for these funds over a period of 25 years nor do we know how and on what principles moneys from these funds are disbursed.

The Prime Minister and Chief Ministers, like the Speakers and Deputy Speakers of legislatures, are public officers. Article 284 requires that all moneys received by or deposited with the public officers should be put into the public account of India or of the States. However, the relief funds received by or deposited with the Prime Minister and Chief Ministers are not known to have been put in the public account of India or the States respectively. Nor has any audit been carried out of these accounts. This leaves great scope for abuse and misapplication, if not outright misappropriation.

This constitutional amendment makes it clear beyond all doubt that the amounts received by or deposited with the Prime Minister and the Chief Ministers for relief or any other public purposes shall be put in the public account of India or the public account of the State, as the case may be. This would prevent misappropriation and misapplication of the public funds.

The amendment Bill makes submission of the audited statements in respect of the receipts into and disbursements from these relief funds to the legislatures mandatory.

NEW DELHI;

MADHU LIMAYE.

The 3rd February, 1975.

#### BILL No. 31 of 1975

A Bill to achieve the object of national integration and instill the sense of nationalism by prohibiting Educational Institutions from bearing any name or title after a caste, community or religion in the country.

BE it enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows:-

- 1. This Act may be called the Nomenclature of the Educational Insti- Short tutions Act, 1975. title.
- 2. In this Act, an "Educational Institution" means a scnool, Inter- Definition. mediate and or Degree College, University or Institute where, after passing prescribed examinations, certificates and degrees are awarded.
- 3. No Educational Institution named either after a caste, community or religion existing in the country shall be entitled to receive grants, Institufinancial aid or patronage of any kind from the local bodies (Corporations, Municipal Boards, Zila Parishads), State Governments, Union Territory Administrations or the Central Government, including any of their allied organisations or Corporations.

Certain receive Government aid. Inal tu tions to change the names in six months.

Consequences of violating the provisions of Act.

- 4. After the commencement of this Act, a clear six months' time shall be given to the concerned management of the Educational Institution and the Government to take the requisite action to change the names of the Educational Institution enabling it to make it entitled to receive the grants, financial aid or patronage, as the case may be.
- 5. If the management of any Educational Institution and the Government concerned fail to comply with the provisions of this Act within the aforesaid time of six months, the certificates or degrees awarded by such institution shall cease to be effective throughout the country.

Today most of the young minds of our country are being polluted systematically and gradually by casteism, communalism and religion and they are drifting away from nationalism. To stop this rot and make them a true citizen and national of the country which in turn will ultimately achieve national integration and make the country united and strong, it is necessary to prohibit the Educational Institutions from bearing names after a caste, community or religion.

Hence this Bill.

NEW DELHI;

The 7th March, 1975.

RAJDEO SINGH.

## FINANCIAL MEMORANDUM

Clause 4 of the Bill provides for changing the names of the Educational Institutions in the country. A very small non-recurring expenditure of about ten thousand rupees is likely to be involved from the Consolidated Fund of India for changing the name plates, seals and stationery as very few educational institutions belong to Union Government bearing such nomenclature.

No recurring expenditure is likely to be involved from the Consolidated Fund of India.

#### BILL No. 29 of 1975

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows:—

1. This Act may be called the Constitution (Amendment) Act, 1975.

Short title.

2. For article 120 of the Constitution, the following article shall be substituted, namely:—

Substitution of article 120. Langu-

"120. Notwithstanding anything in Part XVII, but subject to the provisions of article 348, business in Parliament shall be transacted in any of the languages specified in the Eighth Schedule or in English."

age to be used in Parliament.

As per article 120 of the Constitution, the business in Parliament is to be transacted only in Hindi or in English; even though Members of Parliament elected from different regions and speaking different languages would like to express themselves adequately in their own mother tongues. The proviso to this article gives the power to the Chairman of the Council or the Speaker of the House or to the Presiding Officer, as the case may be, to permit any Member to speak in his mother tongue provided the Presiding Officer is satisfied that the particular Member cannot adequately express himself either in Hindi or in English. Hence, the right of a Member to speak in his mother tongue in Parliament is left to the discretion of the Presiding Officer. While in practice the system may work to the satisfaction of all, still the written Constitution does not recognise the right of a Member of Parliament to speak in his own mother tongue at the highest forum of democracy in this country. It is pertinent to note here that in many States the legislatures have adopted by law one or other of the languages listed in the Eighth Schedule for use in their States. It is a pity that while a particular language is accepted for transacting business at the State level, it is not recognised for use in Parliament. This Bill seeks to put all the national languages of India contained in the Eighth Schedule to the Constitution on par for business in Parliament.

NEW DELHI; The 14th March, 1975. ERA SEZHIYAN.

#### FINANCIAL MEMORANDUM

In view of clause 2 of the Bill, Reporters and Parliamentary Interpreters in different languages contained in the Eighth Schedule to the Constitution will have to be appointed. An estimated recurring expenditure of about rupees five lakhs is likely to be involved from the Consolidated Fund of India on this account.

A non-recurring expenditure of about rupees one lakh is also likely to be involved.

S. L. SHAKDHER, Secretary-General.

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